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E. O. HALL & SON, Limited
CORNER FORT AND KING STS.

Muslin Underwear

This week they will all be cleared at reduced prices:

MUSLIN GOWNS, sleeves, neck and front, embroidery trimmed reduced to \$1.00.

MUSLIN GOWNS, embroidery and lace insertion trimming, some of fine nainsook, a great bargain at \$1.25 and \$1.50.

SKIRTS, fine cambric, some plain, some with lawn ruffles, others trimmed with Tucks and choice embroideries, trade winners at \$1.00, \$1.25 and \$1.50, also a 3 row lace trimmed skirt at \$3.00.

Our full line of chemises, drawers and corset covers are open to you at reduced prices from 35c. and 50c. up.

A good substantial Ladies' Jersey Vest we will let you have this week for 10c.

A. BLOM, Progress Block.

GOLF SHIRTS

New and complete line has just arrived, also latest novelties in Gentlemen's Neckwear.

IWAKAMI'S

HOTEL STREET, OPPOSITE BETHEL.

Delectatessen Counter

We have just received a fresh shipment of table delicacies which our patrons will find of exceptional merit. The list includes:

California Cream Cheese; all kinds of Sardines in oil and spiced; German Haddies; Smoked and Salt Salmon; Imported Pomeranian Goose Breasts; Imported and Domestic Cheeses; Queen Olives, green and ripe in bulk.

Crystal Springs Butter always on hand; also the best of Island Butter; Fresh Sour Krout received weekly.

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Special agents for the S. & W. and the J. H. Flickenger High Grade Goods.

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ROSE BUTTER Always on Hand

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MILLINERY

at MONTANO'S

NEW LOT OF

Shirtwaist Hats

JUST RECEIVED

Dressmaking Department in charge of Mrs. Knox.

HAWAII'S INCOME TAX

Why the Law Was Sustained on Appeal.

The Synopsis of Judge Gilbert's Late Decision.

If Law Authorizes One to Make Unreasonable Search There Is a Remedy.

SAN FRANCISCO, February 10.—Judge Gilbert of the United States Circuit Court of Appeals handed down a decision yesterday affirming the decree of the district court of Hawaii in dismissing the suit of W. C. Peacock and sixty other merchants of Hawaii against J. W. Pratt, assessor and collector of taxes for the division of Honolulu, as a test case on the validity of the Hawaiian income tax. This brings to an end the protracted struggle against the tax measure which was enacted by the Territorial Legislature in the spring session of 1901.

In 1901 the Legislature of the republic of Hawaii enacted a statute imposing an income tax of 1 per cent annually with the provision that incomes not exceeding \$2,000 should be exempt, while those not exceeding \$4,000 should be taxed only on the excess over \$2,000, and incomes exceeding \$4,000 should be assessed without exemption.

By the enactment of the Territorial Legislature in 1901 the old measure was radically changed. An income tax of 2 per cent was levied upon all incomes exceeding \$1,000. Besides this a 2 per cent tax was levied on the net profit of all corporations doing business in the Territory, no matter where they were created and organized.

Against this measure the aggregation of merchants carried their fight, claiming that it violated the Organic Act of the Territory and the constitution of the United States. The plaintiffs declared that the measure contained illegal discriminations, failed to exempt the salaries of judges and compelled tax payers to furnish evidence against themselves which might result in criminal prosecution.

JUDGE GILBERT'S SUMMARY. When the case was carried to the Hawaiian district court a demurrer was interposed by the counselors for the government upon the ground that the complainants had an adequate remedy at law, since the disputed measure provided for a tax appeal court. The district court sustained the demurrer and dismissed the case. It was then appealed to the court of appellate jurisdiction now in session at San Francisco.

In his decision Judge Gilbert makes the following summary of the legal aspects of the question upon which he bases his deductions:

"The appellants in their bill claim that the income tax law of Hawaii violates both the Organic Act of the Territory and the constitution of the United States."

"The only restriction of the powers of the Territorial Legislature contained in the Organic Act is the provision that the legislative power of the Territory shall extend to all rightful subjects of legislation not inconsistent with the constitution and laws of the United States. There is no express limitation of power in the matter of taxation."

In the case of Clinton vs. Englebrecht it was said: "The theory upon which the various governments for portions of the territory of the United States have been organized has ever been that of leaving to the inhabitants all the powers of self-government consistent with the supremacy and supervision of national authority and with certain fundamental principles established by Congress." The provision that the legislative power shall extend to all rightful subjects of legislation includes, therefore, full and comprehensive power to legislate in the matter of taxation.

It is urged that section 2 of the income tax law makes illegal discriminations in favor of private schools, colleges, commercial colleges, fraternal benefit societies and fire, life and marine insurance companies. But these corporations are all of a nature usually recognized as proper subjects of exemption from taxation, with the exception of insurance companies, and the act states the reason of their exemption.

ILLEGAL DISCRIMINATION. It is claimed that the exemption of incomes to the extent of \$1,000 is an illegal discrimination. The power of State Legislatures to grant reasonable exemptions from taxation is undisputed. It has been upheld on grounds of enlightened public policy, a public policy which seeks to exclude from taxation the living expenses of the average family and thus enable the poor man to escape becoming a public burden.

It rests upon the theory that the exemption results in ultimate benefit to the taxpayer, which compensates him for the additional burden of taxation which he is thereby called on to bear. It does not apply to corporations for the reason that they have no corresponding expense.

It is claimed that the act in question violates the fourth and fifth amendments in that it authorizes unreasonable search and seizure of private papers and compels the taxpayer in a criminal case to furnish evidence against himself. If the act authorizes unreasonable search or requires the production of evidence in violation of the amendments, the taxpayer may invoke the protection of those amend-

ments whenever he shall be called upon to submit to the search or produce the evidence.

AFTERNOON NEWS BY THE CABLE

BERLIN, Germany, Feb. 19.—Germany has resumed diplomatic relations with Venezuela.

NEW YORK, N. Y., Feb. 19.—Four men were killed and eleven injured today by an explosion of the powder magazine at Fort Lafayette.

STOCKHOLM, Sweden, Feb. 19.—The regency of Crown Prince Gustavus during the illness of King Oscar has given rise to a renewal of the strained relations existing between Sweden and Norway.

PARIS, France, Feb. 19.—A unanimous joint note from European powers has been transmitted to Turkey, demanding that the interests of Christians in the Balkans shall be safeguarded.

WASHINGTON, D. C., Feb. 19.—Senator Quay's fight for the Statehood bill has resulted in a movement to make the ratification of the Panama canal treaty depend upon the passage of his omnibus Statehood bill.

LONDON, England, Feb. 19.—The British warships stationed in Venezuelan waters to protect British shipping interests have refused to recognize President Castro's declaration of a blockade of Venezuelan ports. Castro is endeavoring to prevent the shipment of supplies to rebel forces.

NEWARK, N. J., Feb. 19.—Twelve high school children were killed and thirty injured here in a collision between a trolley car and an express train. The trolley car was crowded with children on their way to school. By a misunderstanding of signals the train crashed into the trolley car before any of the passengers could clear themselves. The scenes about the wreck were horrible.

WASHINGTON, D. C., Feb. 19.—The President told party leaders today that unless the Panama canal treaty was ratified before the 4th of March, when this session closes, he will call an extra session of Congress to act upon the treaty. The President is satisfied with the canal treaty and believes the country safe in ratifying the measure that will enable the nation to go ahead with canal construction.

A.B.C. BOHEMIAN
Pure, Pale and Sparkling. Bottled Only at the Brewery in St. Louis.
SOLD EVERYWHERE.

3=2

It is an old saying that "figures never lie," yet by adopting algebraic formulae figures perform queer antics sometimes. For instance, given: to prove that 3=2. To demonstrate this let 40=40. This is conceded. Now divide into factors, thus:

24+16=24+16
again by transferring and by rule, changing signs,

24-24=16-16

Take out the common factors,

(16-8)-(24-8)

And cancelling the two common factors in brackets we have left

3=2
Since we can now put Q. E. D. at the foot and have been able to prove that 3=2, are we not entitled to prove that the DOUGLAS PATENT CLOSET is guaranteed against leakage and the annoyance of running water? Bath, the plumber, installs the DOUGLAS.

STAR SODA WORKS COMPANY
QUEEN STREET.

Is now under the management of D. T. Bailey, S. L. Horner and John Schief, and are prepared to furnish LEMON SODA,

ROOT BEER,

GINGER ALE,

ORANGE CIDER,

BAILEY'S SARSAPARILLA

AND IRON,

and all other popular drinks.

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The TRIANGLE STORE

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Linen Doilies, Table Scarfs, Center Pieces and Small Table Covers heavily embroidered in Chrysanthemums, Birds and Vines.

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